

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6865
BILL NUMBER: HB 1317

DATE PREPARED: Feb 1, 2002
BILL AMENDED: Jan 31, 2002

SUBJECT: Gasoline Tax.

FISCAL ANALYST: James Sperlik
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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill increases the gasoline tax to 16 cents per gallon on January 1, 2003, and 17 cents per gallon on January 1, 2004 (the tax rate is currently 15 cents per gallon). It provides that the increased revenue from the increase in the gasoline tax rate is to be deposited in the Motor Vehicle Highway Account (MVHA), and the State Highway Fund (SHF). It allows a defendant in a condemnation suit to recover up to \$5,000 in litigation expenses.

Effective Date: (Amended) July 1, 2002; January 1, 2003.

Explanation of State Expenditures: (Revised) Allowing a defendant in a condemnation suit to recover up to \$5,000 in litigation expenses will increase the costs to the state when it is a party in a condemnation suit. The current maximum is \$2,500.

Explanation of State Revenues: (Revised) *Fiscal Impact:* The table below shows the additional revenues resulting from the increase in the Gasoline Tax provided in this bill.

FY	Total Increase	To MVHA		
		Total	State Share	Local Share
2003	\$16.2M	\$16.2M	\$8.59 M	\$7.61M
2004	\$49.2M	\$49.2M	\$26.08 M	\$23.12 M
2005	\$66.6 M	\$66.6 M	\$35.30 M	\$31.30 M

[Note: Due to a problem with the language of the bill as currently drafted, the following estimate of additional revenue from the increase in the gasoline tax rate is provided for informational purposes in order

to reflect the intent of the bill. The bill, as written, distributes 1/17 of the taxes collected in the second year of the rate increase to the Motor Vehicle Highway Account. The bill should distribute 2/17 to the MVHA.]

The MVHA is distributed 53% to the Department of Transportation and 47% to local units.

Background Information:

The estimated additional revenue raised from each penny increase in the Gasoline Tax is provided in the table below.

FY	One Cent Raises
2003	\$32.1 M
2004	\$32.7 M
2005	\$33.3 M

Explanation of Local Expenditures: (Revised) Allowing a defendant in a condemnation suit to recover up to \$5,000 in litigation expenses will increase the costs to local units when they are a party in a condemnation suit. The current maximum is \$2,500.

Explanation of Local Revenues: See table in *Explanation of State Revenues*.

State Agencies Affected: Department of Transportation.

Local Agencies Affected: Recipients of the Motor Vehicle Highway Account and Local Road & Street Account distributions.

Information Sources: